

EXECUTIVE SEARCH FIRM

SCOPE OF WORK

I. INTRODUCTION

The Hawaii Employer-Union Health Benefits Trust Fund ("Trust Fund") is a new trust fund that was created by Act 88, 2001, Session Laws of Hawaii. Under Act 88, SLH 2001, the Trust Fund is to design, provide and administer health and other benefit plans for State and County employees, retirees, and their dependents. The Trust Fund will replace the current Hawaii Public Employees Health Fund ("PEHF"), effective July 1, 2003. The PEHF currently provides health, group life, and long-term care insurance benefits to State and County employees, retirees, and their dependents. It is estimated that the plans to be offered by the Trust Fund will cover approximately 177,600 persons.

It is anticipated that the Trust Fund will contract with insurance carriers to provide the health and other benefit plans that it is tasked to provide under Act 88, SLH 2001. In fiscal year 2003-2004, it is anticipated that the Trust Fund will collect and disburse \$550 million to insurance carriers and Medicare Part B reimbursements to retirees.

As a State governmental agency, the Trust Fund is administratively attached to the Department of Budget and Finance. The Trust Fund is currently located c/o Department of Budget and Finance, State of Hawaii, No. 1 Capitol District Building, 250 South Hotel Street, Honolulu, Hawaii 96813.

Under Act 88, SLH 2001, the Trust Fund is to be administered by a Board of Trustees (the "Board") composed of ten trustees appointed by the Governor of the State of Hawaii. The Board is responsible for determining the nature and scope of benefit plans offered by the Trust Fund, negotiating and entering into contracts with insurance carriers, establishing eligibility and management policies for the Trust Fund, and overseeing all Trust Fund activities. The Board will rely on professional services to be provided by a salaried Administrator (currently being recruited), the State Attorney General, and a Benefit Plan Consultant (to be procured).

The Administrator functions in the role of a chief executive officer with regard to planning, developing, and implementing the policies, practices, and operations of the Trust Fund to insure that all financial and strategic objectives and goals are met and in accordance with the Board of Trustees' policies and objectives including compliance with applicable governmental regulations. The position serves as the Board's representative in the oversight of the Trust Fund and is fully accountable to the Board of Trustees.

The Administrator and his/her staff and/or a third party administrator (TPA) will handle day-to-day operations of the Trust Fund. (At this time, the Board has not decided whether or not to contract with a TPA.) It is anticipated that the Trust Fund

will function as a centralized enrollment, contribution collection and premium payment organization, and that in-house computer support services will be utilized to produce monthly membership and premium liability reports, carrier enrollments and financial reports, accounts receivable notices, and other data distributions. The Trust Fund or its designated TPA will train 500 State and County personnel officers to enroll approximately 61,000 active employees in its plans. The Trust Fund will also service the enrollments of approximately 28,000 retirees to be enrolled in its plans. The fund may assist the State and the counties to implement and administer cafeteria plans authorized under Title 26 United States Code Section 125, the Internal Revenue Code of 1986, as amended, and Part II of Chapter 78, HRS.

HEALTH BENEFITS TRUST FUND ADMINISTRATOR POSITION

The position description, Attachment A, details the responsibilities of the position and minimum qualification requirements.

This position is a non-civil service (exempt from civil service) position and serves at the pleasure of the Board. The position receives the same benefits offered to public employees, see Attachment B for a summary of benefits offered.

II. SCOPE OF SERVICES TO BE PROVIDED

The executive search firm is expected to refer qualified candidates for consideration by the Board of Trustees and provide the following services:

1. Recruitment of qualified candidates for the position locally and nationally.
2. Determination of qualified candidates based upon minimum qualifications (see Attachment A) and desirable salary ranges. The Board will consider candidates requiring a salary up to \$150,000 per year.

Performance of reference checks with employers and verification of credentials for the candidates referred to the Board.

3. A presentation to the Trustees on the screening process used in determining the candidates referred.
4. Arrangement and coordination of the interview schedules.
5. Preparation of 15 application and credential packets for each candidate and forward to Administrative Committee Chair by (date).

The work of the executive search firm terminates upon the hire of an Administrator by the Board of Trustees.

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III. CONTENT OF PROPOSALS TO BE SUBMITTED

1. Cost.
2. Terms and conditions of services.
3. General experience as an executive search firm including experience in placing candidates in similar administrative positions.
4. Extent of resources and contacts available to do proposed search.
5. Plan of action for proposed search, if any.
6. References of other clients for whom your firm has successfully placed candidates in similar positions.

Please submit proposals by (date) by any of the following methods:

Mailing Address: Hawaii Employer-Union Health Benefits Trust Fund
c/o Department of Budget and Finance
P.O. Box 150
Honolulu, HI 96810-0150

Fax: 586-1583

E-mail: HealthBenefitsTrustFund@exec.state.hi.us